

PRIORITY

(Security Classification)

FOREIGN SERVICE DESPATCH

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 23, 1953

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SUBJECT: Financial Times article on Japanese Trade with China

EXCON

In an article datelined Tokyo, the Financial Times of September 22 carries an article dealing with the prospects of increased Japanese trade with China as a result of recent relaxations in the Japanese embargo. According to the article, the United States had yielded to strong pressures from the Japanese Government for relaxation by agreeing to the removal from the embargo lists of 11 items. The items are: caustic soda, wire netting, microscopes, ammonium sulphate, and anti-biotics. Other items are not named.

According to the article, the Japanese Minister of Trade estimates that the relaxations on the above items should increase trade by \$10 to \$15 million a year. However, trade authorities and Japanese businessmen are dissatisfied with the small number of items agreed for relaxation. They feel that Chinese interest in the items approved for export has now slackened and that in any event high Japanese prices and previous Western European sales would reduce the prospects of increased trade in some of the items, particularly anti-biotics and drugs. Hope was expressed for increased exports only in the fields of caustic soda, wire netting, and microscopes. Considerable attention in the article is devoted to the prospects for increased exports of ammonium sulphate. The article states that an additional 63,000 tons will be produced in the next six months and further production may be necessary if additional orders from Korea materialize.

The article further states that the "Washington ruling" that such items as pipe joints, motor-tricycles, midget cars, scooters, and baby carriages are still considered strategic came as a surprise to Japanese manufacturers. It is also

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alleged that Japanese manufacturers will not be satisfied with the present drive towards relaxation until the ban on exports of machinery and machine tools to China has been lifted.

The article quotes Mr. Takio Oda, Director of the Foreign Office Economic Bureau as stating that the Government was ready to facilitate the trip of a trade and political mission to China and would welcome a similar mission from China.

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